

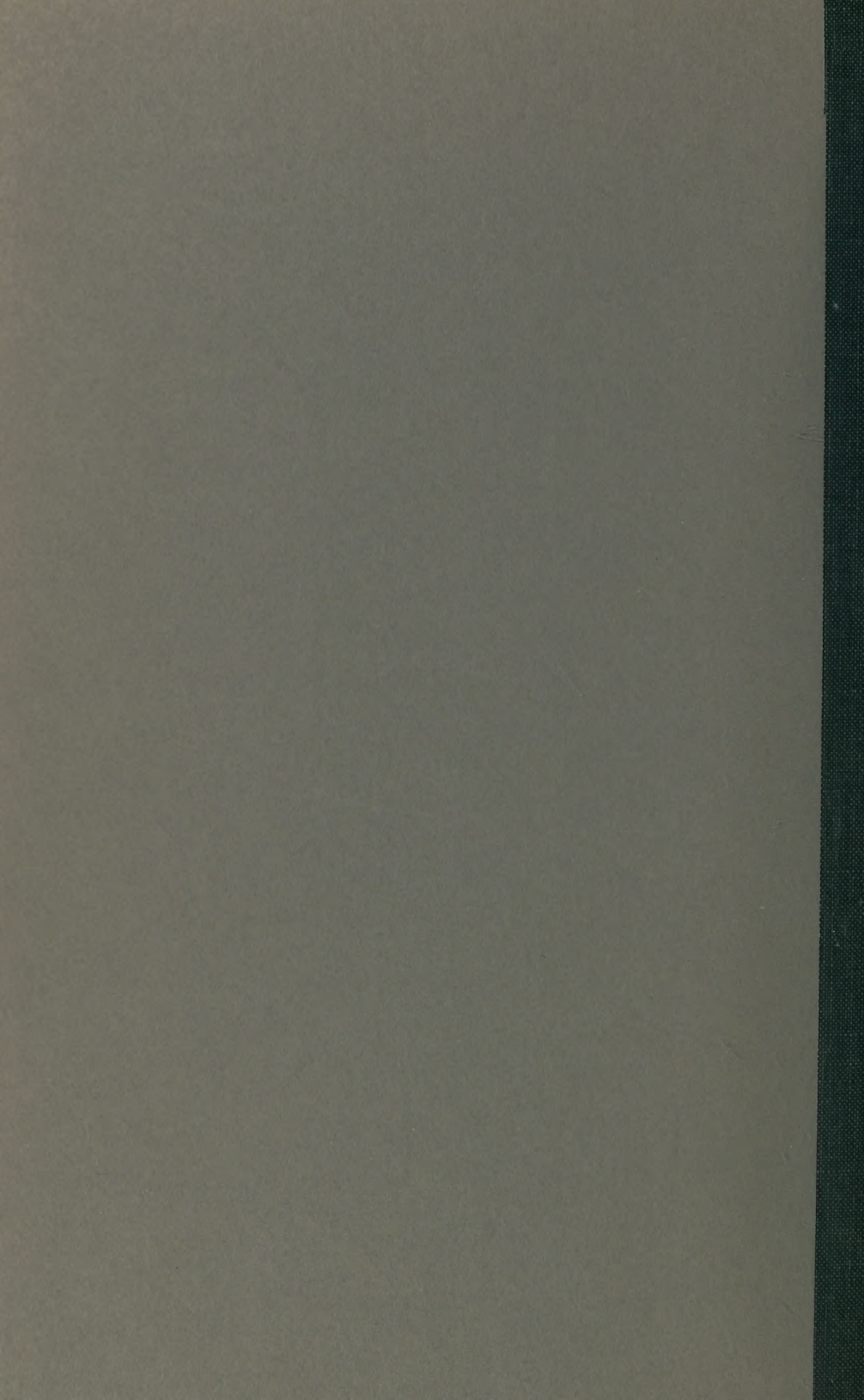
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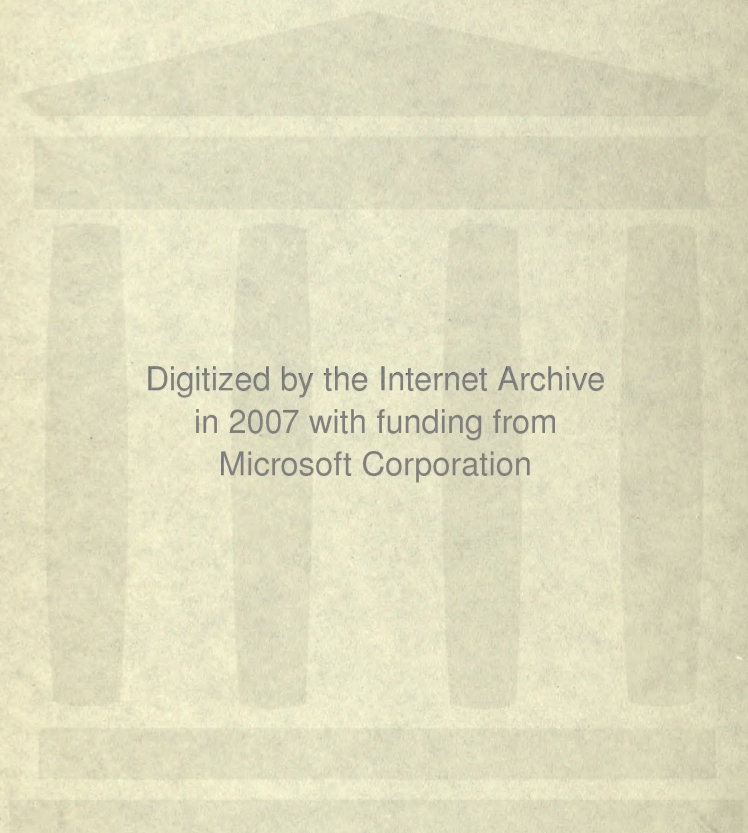


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Foss, Eugene Noble
Trade relations
between the United States
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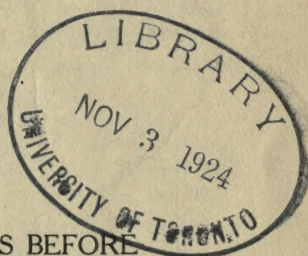
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Trade Relations Between The United States and Canada

WITH SOME WORDS OF RECOGNITION ALSO OF THE
VALUE OF OUR TRADE WITH THE BRITISH EMPIRE



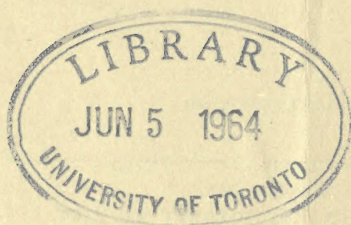
FROM A SERIES OF ADDRESSES BEFORE
THE CANADIAN CLUB OF BOSTON

By EUGENE NOBLE FOSS

BULLETIN NO. 2, 1904

ISSUED BY THE
NEW ENGLAND RECIPROCITY LEAGUE
34 OLIVER STREET, BOSTON, MASS.

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TRADE RELATIONS OF THE UNITED STATES AND CANADA

**From an Address by Eugene Noble Foss Before
the Canadian Club of Boston, Hotel
Vendome, November 28, 1904.**

Mr. President and Members of the Canadian Club:

I confess that I am beginning to feel at home here. This is the third time I have been made the recipient of your courtesy, and I believe that our meeting has helped us to understand each other better.

Now, Mr. President, I am not assuming that your members and guests are on one side of the reciprocity fence and I on the other; or even that our distinguished guest from over the line is so far from our point of view that he can hold nothing in common with the friends of commercial reciprocity in the United States.

You will recall that at a former meeting of this club your guests were a leading Canadian journalist and a prominent manufacturer from Ontario; and you will remember that after we all had had our say, we discovered that the ideas, or fundamental principles, for which each of us stood were broad and liberal enough to enfold us all. I trust we will reach the same conclusions tonight.

Canadian Sentiment Not Misunderstood.

It is a mistake to suppose that we who have led in the movement for closer trade relations with Canada do not understand what present conditions are. In fact, the logic of the situation, the unmistakable index of the facts bearing upon it, has compelled us to accept very much of the Canadian view. Notwithstanding our wealth, our power, our resources, our influence, we have regarded the small group of neighbors at the north as competitors to be feared and excluded, not as friends and customers to be given the hand of commercial welcome. We have massed our seventy-five millions of people against their five millions and entrenched ourselves behind a wall over which the frightful shapes of our supposed commercial enemies could not climb. They have planted a 25-foot wall against our trusts and we have builded a 50-foot wall against their farmers and fishermen.

I am neither unpatriotic nor un-republican in thus admitting the mistaken course which the United States has pursued with respect to Canada. I quote these facts merely to show to some of our Canadian friends who apparently think otherwise, that many of us who have been foremost in the reciprocity movement have not been blind to the unequal conditions which exist. In all the agitation which has been going on so incessantly the past few years, our main request has been that our own people appreciate these conditions. I have no sympathy with the political jingoism which would make these conditions an excuse for doing nothing to correct them.

We have not the right to ask anything of Canada that is not for her interest. We shall only make ourselves ridiculous if we do. The burden is upon us to prove that freer trade between the two countries will benefit both; for times have changed, and it is not now Canada that is seeking reciprocity.

I believe in the principle of protection, which is fundamental in this country. By the same token, I can have no criticism to offer of the growing desire of the Canadian people to protect themselves from destructive foreign competition. I can, however, properly point out that protection carried to the point of exclusion is not protection, it is imposition; and I can suggest that our Canadian friends will do well to learn this truth from our experience and not from their own.

Exclusion Is Not Protection.

I would like to ram this fact home with another; and we can also supply the object lesson in this case. We have built up our own country in spite of domestic competition fiercer than Canadian industries ever can be called upon to suffer. If we can do this here, what can we not do for Canada under fair and reasonable trade conditions? So far the Dominion has shown her wisdom in refusing to cut herself off from the facilities with which we can help her to develop her immense resources. Does she now contemplate fastening upon herself the heaviest possible form of indirect taxation merely because we have refused her tariff favors which other countries are disposed to grant? Or, on the other hand, shall the blindness and arrogance of our own stand-pat contingent be permitted to force such a policy upon a friendly customer?

Granted that the markets of Great Britain are of more present importance to Canada than those of the United States, shall we forever continue to ignore the value of our Canadian trade, whether it be coming or going? These are questions which the people of both countries will do well to ponder.

Fortunately for a partial solution of the vexed question of trade relations, our own necessities bid fair to force our government to look the Canadian question squarely in the face. In several commodities our demand already has outrun our supply, and we are buying heavily, regardless of tariff taxes. In others the exchanges between the two countries are so general, for geographical and other reasons, that a lively trade in competing products has developed both ways. In practically all these products the tariff serves no useful purpose, but adds a burden of expense which is without profit to either party to the transaction. In still other cases where the demand is great, the United States tariff is yet so high that no purchases are attempted.

Here Is a Basis for Reciprocity.

These three classes furnish the basis upon which a consistent scheme of tariff revision must rest. You will notice that I use the current phrase, "tariff revision," but by it I mean "reciprocity." And I wish to say right here that I do not believe in any kind of tariff revision or tariff legislation which does not recognize reciprocity as a fundamental principle. I wish to declare, and this is as good an opportunity as any, that reciprocity is just as much and just as great

a principle, a system, a primary economic policy, if you will, as free trade or protection, as they are commonly understood.

I believe that it will not long hence become recognized as a practical working system, infinitely superior to either stand-pat protection or free trade. It will recognize your friends, customers and allies in a common-sense and common-justice fashion, instead of attacking them as does stand-patism, or favoring your enemies at your own expense, as does doctrinaire free trade. Any good business man or good neighbor will go a great way and sacrifice much to favor and benefit these by whom he lives or profits largely. Hence I go in for some system of tariff revision in the future which shall aim to benefit, as well as ourselves, countries which make their prosperity ours. This is simply good business, as well as good morals; General Draper and William Whitman to the contrary notwithstanding.

I have said that the basis of tariff revision, or reciprocity, as far as Canada is concerned, must rest upon three classes of articles; that is to say, articles which each country must buy of the other, duty or no duty, or in which they make a mutually profitable interchange under natural conditons.

As an illustration, I have prepared a table showing the principal articles in which the two countries have an interchangeable trade. These figures show our exports to Canada and dutiable imports therefrom of practically identical articles in 1903:

United States Exchanges With Canada, 1903.

	Exports.	Imports. (Dut.)
Horses,	\$2,121,000	\$ 295,000
Sheep,	174,000	986,000
*Breadstuffs,	5,532,000	843,000
Coal (Bitum.),	9,668,000	4,811,000
Eggs,	78,000	18,000
Fish,	743,000	2,859,000
**Fruits,	1,008,000	123,000
Hay,	108,000	2,236,000
Hides,	521,000	1,186,000
Iron ore,	264,000	320,000
Dairy products,	192,000	24,000
Vegetables,	651,000	493,000
Wood, unmanufactured,	4,766,000	13,830,000
Wood pulp,	38,000	1,867,000
Gypsum,		319,000
	<hr/>	<hr/>
	\$25,864,000	\$30,220,000

*Exclusive of corn.

**Varieties common to both countries.

Abolish Some Tariffs, Regardless of Canada.

Now here is a natural and necessary trade of \$55,000,000, and which might be two, three or four times that amount, hampered and harassed by tariff restrictions, which are of no possible benefit, but, on the contrary, work absolute injury to every interest concerned.

Now, I believe, for one—and I intend hereafter to insist upon

the belief to the limit of my power—in making a start toward reciprocity by either abolishing or radically reducing the duties on all the articles in this list. If Canada prefers to keep on her more moderate duties, where she levies them, to her own privation, let her do it, but that is a poor reason why we should.

The Home Market Club has finally been forced to concede us coal and iron ore, and William Whitman gives us lumber. Everybody but Col. Clarke wants free hides; and here you have at once accounted for three-quarters in amount of the products under discussion.

In regard to hay, meats, vegetables, fruit and eggs, I doubt if a government could stand against the demand for a removal of the duties on them, if the people should make this a distinct issue—as they will before long.

In regard to one more prominent item, breadstuffs, it is now fully recognized among those whose opinion is worth anything, that we must either make wheat free, and promptly, too, or prepare to suffer disaster in our milling industries.

As to barley, the outrageous duty upon that and upon the malt made from it is the heaviest burden which our great brewing industries are called upon to bear.

Where can there be any argument or controversy on this great question as I have here presented it?

Some Questions for the Politicians.

It is the evident purpose of some of our legislators at Washington to refuse to reduce the tariff on Canadian goods because, as they will say, Canada will make no concessions. This will be the pretext on which they will maintain the status quo.

The only real thought in their minds is to discover the cleverest excuse for standing pat. We understand very well the purpose of these statesmen, and I want to ask some of them who are beginning to profess a tardy love for reciprocity what they intend to do to show their good faith. They profess to believe in reciprocity in competitive articles. Will they introduce bills lowering our schedules to somewhere near Canada's? Or will they prefer to relieve the necessities of the country by direct legislation, and place on the free list coal, iron, lumber, wheat, hides, wood pulp, etc.?

This is the practical question we business men purpose to put right up to these politicians until we know exactly where they stand and what they are going to do. We purpose to find out whether those professions made just before election meant anything or not. It is not enough for them to say that they are in favor of reciprocity which will be "mutually advantageous" to both countries. We are willing to concede that the United States should take the initiative. We not only owe it to Canada, in view of her attitude in the past, but we owe it to ourselves as the larger of the two countries, and from the further fact that Canada is our best customer in manufactured goods and our neighbor at that; and from the further overshadowing fact that Canada's commercial policy still remains liberal toward us, and gives us such generous access to her markets.

How to Make a Start.

Now let us make a start by putting some of these things which we are in desperate need of on the free list, whether Canada recip-

rocates or not. By so doing we will be not only helping ourselves, but we will be helping Canada to pay a portion of her debt, at least, in commodities instead of cash.

Every business man here knows that treatment of that sort on our part will not conduce to less purchases on the part of Canada. On the contrary, where we are now selling her one hundred and thirty millions we should soon be selling her two hundred millions per annum, if we would only show a disposition to take in payment what she has to offer and what we stand in need of.

Every business man knows that this is the soundest kind of business sense. No one of us ever lost anything yet in trying to help a good customer sell his product. As President Roosevelt said in his Minneapolis speech, "We must also remember that in dealing with other nations, benefits must be given where benefits are sought."

Shall We Follow Spain and Portugal?

Both in the United States and in Canada we find those who are no doubt conscientious in their opposition to reciprocity between the two countries. In the United States they are known as the "stand-patters," and are represented by the Home Market Club. They represent the ultra-high tariff element in the Republican party. They honestly confuse protection with prohibition.

In Canada they are represented by the Canadian Manufacturers' Association. To my mind these two elements propose to do for the United States and Canada practically what Spain and Portugal once did in adopting a policy of selfishness and exclusiveness which, as Hon. John A. Kasson has shown, "other nations would not tolerate and long-continued wars followed—wars of conquest, which led to the impoverishment of the nations which persisted in their career of international selfishness. Spain and Portugal," continues Mr. Kasson, "once in the forefront of national prosperity and greatness, are now at the rear of the column and apparently without the power of recuperation."

Now, Mr. President, the policy of the Home Market and the Canadian Manufacturers' Association, carried to its logical conclusion, would bring these two countries to the same end.

From an economic point of view, there appears to be every reason why Canada and the United States should come together commercially. We must all admit that the tendency all over the world is toward amalgamation and consolidation, in the interest of economy and the elimination of ruinous competition. We all know that the United States and Canada are competitors in the markets of the world, and are to be so more and more each year as the development of Canada goes on.

Commercial Union a Natural Policy.

For instance, Liverpool makes the price for the export wheat, not only of the United States, but of Canada. And so of the other exports, whether natural products or manufactures, of both countries. Now the natural and logical policy for these two contiguous countries is commercial union; an amalgamation, if you please, which will protect the interests of both. If a complete commercial union were possible, it would be the best solution of the whole prob-

lem. That is, that trade should be as free and unrestricted between the United States and Canada as it is between the several states of our own country.

This is what I should like to see, for it would mean not only the greatest possible development of both countries in every direction, but it would furthermore ensure for all time peace and good-will.

Improper System of Taxation the Basic Fault.

But I recognize that at the present time commercial union may not be practicable from the fact that Canada, like ourselves, has not yet been educated to the principle of direct taxation. When we shall have advanced in civilization to the point where we will not shrink from levying our taxes upon the sources from which they are justly due, and not through class legislation, we can then treat this great business proposition on a business basis. The systems of taxation of the two countries are today the only obstacle to the fulfillment of one of the greatest and most beneficent unions in the history of the world. I have faith to believe that before long the people of both countries will remove this artificial barrier to their greatest happiness and prosperity.

OUR TRADE RELATIONS WITH THE BRITISH EMPIRE

**From an Address by Eugene Noble Foss Before
the Canadian and Victorian Clubs of Boston,
Revere House, March 12, 1904.**

Mr. President, Members of the Canadian and Victorian Clubs:

I confess to feeling very much at home among Canadians. I have been accused in private as well as by the press of late of advocating reciprocity more from a Canadian standpoint than that of a loyal citizen of the United States.

I have never before in public confessed how near I came to being a Canadian. I was only two miles away from it, for my birth-place in northern Vermont was almost in sight of the iron post which marks the boundary line. That post marked an invisible line, for we knew no distinction. We were all friends and neighbors in that little rural community, on whichever side of the post we chanced to live.

I can well remember a farm-house which stood directly on that invisible line, half on one side and half on the other, and I think it would have troubled even my good friend Colonel Clarke, of the Home Market Club, to have told which half of that family was Canadian and which American. I remember that they were the envy of some of us, for they could do their smuggling so easily.

The little town of Ferrisburg, in the Province of Quebec, was the mart where we traded, and the first clothes which I wore must have come from over the line. The difficulties which the customs laws of that day imposed made upon my young mind an impression which remains with me to this day.

It was a good Canadian physician, by the way, a Dr. Chamberlain, who ministered to the bodily ills of that community on both sides of the line, and but for his courage at the eleventh hour, when all hope was gone, I should not be here today.

As a boy my most vivid impression was that of standing and looking through the fence at the rabble of the Fenian army which attempted the invasion of the Dominion, and which were so signally routed. I lived in sight of that battle-ground. This dastardly attack aroused us all in that community without reference to nationality. From that day to this I have never had any sympathy with the professional "tail twister."

It was that raid and similar acts growing out of our civil war that aroused the feeling in this country which did more than any one thing to cause the abrogation of the reciprocity treaty of 1854 and 1866, which was then in force. This treaty should never have been broken, for Canada was ready to have made any reasonable modifications at that time. It was broken for sentimental reasons, as I have said, and not for good business reasons, although I know that some take issue with me on this point.

But to come to our subject, when I accepted your kind invitation to address you upon the subject of our trade relations with the British empire, I little realized how great a task I had undertaken. Whatever the moral task which has devolved upon me, I make no pretensions. You will take me simply for a plain business man who wants to keep his machinery going and his help employed, and is also willing and anxious that his neighbors, either at home or in kindred lands, shall do the same.

Must Take a World View of Commercial Problems.

I believe the United States has reached a stage where its citizens and public men must take a world view of commercial problems. Protectionists in principle and in fact as we have been and are, we yet must discover a means of readjusting our trade relations with the world. So far, broadly speaking, we have been content to merely develop within our own borders. We have ignored all other considerations but those of our internal development. The time has now come when we must negotiate. McKinley said: "The period of exclusiveness is past." In that one sentence is compressed the whole problem of the future.

You and I may differ as to the merits of our internal policy, but the time has come when most of these differences must be set aside. Not only must we live, but we must let live. We can no longer be indifferent to the prosperity of our neighbor, for his prosperity is ours. Our production has outrun our demand, and we must take a broader view of commercial questions. The United States is now a world power. We have extended our political sovereignty, and we cannot shrink from the commercial responsibilities which this step has entailed. We cannot, as McKinley said, forever sell everything and buy little or nothing.

Our Debt to the British Empire.

The problems confronting us bring their moment of sober thought, and it is in this period of retrospection that we begin to realize how much we are indebted to the British empire. We are indebted to it for the spread of civilization all over the world. We are indebted to it for possibilities of trade and commerce in every quarter of the globe. At the precise moment when we find our own development bursting domestic bonds, we find also ready-made to our hands a market for our wares in every part of the earth.

It would be an unworthy evasion should we fail to recognize our debt to Great Britain at this momentous period of our industrial existence. She has done more than insist that the sea should present a clear field for commerce. She, herself, has absorbed from us an output which today is the balance-wheel of our prosperity. More than all other nations of the earth put together she buys from us. More than of all other peoples rolled into one do her interests lie with ours.

Some months ago I had the pleasure of addressing the Canadian club. At that time I quoted facts and figures supporting the line of thought to which I have just given utterance. They were cold, hard figures and there was no getting back of them. I spoke then as I speak now, as a business man and manufacturer. I said then as I say now, that reciprocity is good business.

It is fashionable in certain quarters here to decry the value of

our foreign trade. The practical manufacturer has no sympathy with this attitude, for he knows it to be a mistake. He realizes better than some of our professional economists that the balance of a business must be maintained, and that the output must be regulated. Great Britain, partly through her necessities and partly because of a spirit of commercial fairness which is in the blood, has made it possible for us to maintain that balance.

No more striking illustration of this fact is to be found than in the figures of our trade with Canada. To ignore it is to invite disaster. To antagonize a recognition of our obligation to our best customers is to play with fire. Because I have suggested that this recognition is only due and proper I have been all but ostracized by some elements in this community. I care nothing for that if I am right; and if I am not right, I have violated the most common principles which every day we business men put in practice in our own business.

They are saying that I have turned my back upon my native land, and that I am ready and anxious to sacrifice Yankee interests and industries on the altar of reciprocity. They charge me with being careless of our "infant industries." I have no political ambition to serve in my activity on this great question of foreign trade relations. I have no personal interest to serve that is not common to every business man in New England. I have pleaded only for a broader view of the commercial problem. I have urged this in the interest of industry and progress. I have advised only that we as a people bring our business methods up to date. If this course is profitable in a private establishment it will be profitable for the nation. This view just now is being denounced as a heresy, but it is a heresy which will become orthodox.

Canada Will Not Quarrel Over a Fair Deal.

I am told that Canada will have none of my views; that Canada wants nothing of the United States. I grant you that she wants no more such treatment as she has received in the past, but they are too good business men in Canada to quarrel with us over a fair deal. I have too much confidence in the good sense of our Canadian neighbors to feel that they will antagonize the friendly sentiment of the American people when they are convinced that we mean to be fair.

In his reference to the tariff in his second annual message to Congress, December 5, 1898, President McKinley said:

"It will give me especial satisfaction if I shall be authorized to communicate to you a favorable conclusion to the negotiations with Great Britain with respect to our relations with the Dominion of Canada.

"It is the earnest wish of this government to remove all sources of discord and irritation in our relations with the neighboring Dominion.

"The trade between the two countries is constantly increasing, and it is important to both countries that all reasonable facilities should be granted for its development." This was a reference to the deliberations of the Joint High Commission then taking place. It shows the spirit in which our president was working to improve the trade relations between the two countries.

I would ask some of the gentlemen of the Home Market Club to

compare this utterance with the narrow rant with which the proposition of Canadian reciprocity has been attacked by their representative organs. The institution of that commission and the work of Nelson Dingley, Jr., upon it form a complete answer to the critics who hold that satisfactory relations are best maintained by a prohibitive tariff wall between the two countries.

What New England Would Do for Canada.

If it is in a spirit of selfishness that we of New England ask for freer commercial relations with Canada, it is a selfishness of which we are not ashamed. It was our New England money that developed the west and south, and placed all sections of the country upon the solid foundation of industrial prosperity. It was with money made in commerce that we did these things; and our prosperous south and west are a testimonial to the benefits of commerce to the American people. We would do the same with Canada. We would build her up, not tear her down. We would extend to her the benefits which have come of our higher, because older development. We would make of her, commercially speaking, another United States. It is only a hasty and superficial judgment that would attribute to us any other motive. She is our nearest neighbor and our best customer on this continent; and we would be unworthy of our reputation and rank as a free people should we entertain any other design.

While our geographical situation with respect to Canada is peculiar, the same principle of interdependence applies in great measure to the whole British empire. As far as the tariff is concerned, Great Britain has been more generous than Canada, and has received less recognition from us of the breadth of her policy. Not many years ago one needed only to twist the lion's tail to evoke a roar of applause in any miscellaneous audience. That time has gone by and a finer spirit is taking its place. Again, Great Britain is fighting our battles in the far east, and insisting on the open door for all. We stand shoulder to shoulder with her in the great contest which the world is watching, and we have taken our position naturally. Whatever element of prejudice the situation may contain, the practical fact cannot be disguised that the interests of the English speaking peoples cannot be disassociated.

A Glance at Our Foreign Relations.

Let us glance for a moment at the relations which exist or threaten to exist between the United States and non-English speaking nations. Russia, which is not a sugar producing country, attempted to send here a little bounty-fed sugar. In the place of friendly negotiations we clapped on a countervailing duty and Russia applied to us her maximum tariff.

A dozen reciprocity treaties negotiated with foreign countries by President McKinley's commissioner, Johi A. Kasson, have for several years lain in the pigeon-holes of the United States Senate. These treaties were negotiated under the reciprocity clause of the Dingley act; but apparently they have been repudiated. Can it be the intention that this reciprocity clause shall mean nothing? One of these treaties was with France, and provided for less than 7 percent average reduction on 126 articles out of our total list of 705; France conceded an average of 48 percent reduction in the rates

on 635 articles out of a total in the French tariff law of 654. This treaty was bitterly opposed by certain special interests in the United States, and I think it now has lapsed. The result is the enactment of a retaliatory tariff by France doubling the duties upon many of our agricultural products.

With Germany we are having a like experience. A new tariff law placing prohibitive duties upon most of our agricultural exports now awaits imperial proclamation. If a reciprocity treaty with Germany is negotiated, imports from the United States will be admitted at the old and favorable rates. If reciprocity is not secured, our farmers will face a tariff wall over which they cannot leap.

We Have Reached the Danger Point.

All the nations of Europe are arming for the economic battle to be waged against us. As we have reached the apex of our industrial prosperity with the home market our chief, if not only consideration, so have we also reached the danger point in our trade relations with the world.

With all this war of tariffs, past and present, among our best customers on the European continent, what has been the attitude of Great Britain toward our commerce? It has been consistently that of absolute and unrestricted free trade. No barrier whatever has been interposed to the entrance of our wares. The farmer of the west, the manufacturer of New England has been as free to ship the product of his labor to Liverpool as to San Francisco or Boston.

Let me quote to you the figures of our exports to the four countries I have named, for the calendar years ending December 1902 and 1903:

	1902.	1903.
France,	70,501,327	88,680,130
Germany,	174,264,495	224,562,019
Russia,	13,414,790	18,148,238
United Kingdom,	523,773,397	543,766,877

Thus you see that our total exports to Great Britain in 1903 exceeded those of the three other nations by 213,000,000. This excess was almost the amount of our total exports to Germany, and was nearly three times the amount of our total exports to France. The Russian trade, which we are trying to build up, is insignificant in comparison with these enormous figures. These figures at once demonstrate the incomparable value of our trade with Great Britain and the practical results of her liberal system.

The import figures are equally illuminating. In 1903 we bought almost as much of France as she bought of us. In the two years preceding we bought more. Of Germany we bought nearly one-half; of Russia nearly two-thirds and of the United Kingdom less than one-third. It is true that the class of articles exchanged is to be taken into account in analyzing these figures, but as a business proposition the fact remains that we have sold to Great Britain as much as we could and bought of her as little as we could.

Chamberlain and the Preferential System.

The effect of our tariff policy upon the three continental nations named I already have suggested. Its result in the British islands bids fair to be even of greater moment. Whatever may be the immediate outcome of the campaign Mr. Chamberlain has been making, it

is evident to any thinking man that sooner or later Great Britain will place weapons in her own hands with which she can defend her commercial interests from what she regards as unfair aggression. Canada also is following the example set by us, and just now she appears to be in a mood to teach us a sharp lesson.

Mr. Chamberlain proposes a plan of preferentials which shall unite Great Britain and all her colonies in a common commercial bond. It is neither here nor there that so far he has not yet succeeded. The point for Americans to note is that in so short a time he should have succeeded in awakening so much spontaneous enthusiasm for his plan in free trade England. This is one of the most significant signs of the restlessness and uncertainty in the commercial world. Great Britain, in fact, is learning from Canada. The Dominion has granted the mother country a preferential of 33 1-3 percent, and another of 25 percent to South Africa. Many of our American friends observe these symptoms with indifference; particularly if they happen to be in politics. The business man regards them differently. So far the Canadian preferential to Great Britain has not had marked effect in increasing British trade, unless in textiles, but I can tell American business men that this is largely because the British merchant and manufacturer have taken less pains than the American to cater to Canadian trade. Should the British business man apply American methods in his dealings with Canada, he would find the preferential a greater help than he now appreciates.

Some Statistics of British Trade.

I trust you will pardon me if I quote a few figures which some of you may have heard before. Figures do not change, however, and these are not so easily memorized as to have lost their novelty. About 20 percent of the imports of Great Britain come from British possessions, and about 80 percent from foreign countries. Great Britain sells to countries outside her possessions about 67 percent. The British possessions import from Great Britain some 43 percent. The colonies buy from each other 23 percent and from foreign countries 33 percent. They sell in about the same proportion. The total imports of the British empire from British possessions are only about 21 percent and from foreigners 63 percent; the sales to foreign customers are 53 percent, or more than half the total.

This interdependence between the United Kingdom and the rest of the world concerns the United States primarily, for she is our largest customer. Great Britain buys of us much more than one-third of our sales to all the world, more than our sales to all the remainder of Europe; more than twice our sales to North America and more than three times what South America, Asia and Oceania take from us. Our sales to British possessions, exclusive of the United Kingdom, are nearly \$20,000,000 more than to all South America, Asia, Oceania and Africa.

To show also the increasing generosity, if I may so term it, with which the United Kingdom has become our customer, let me say that from 1870 to 1902 our exports to the United Kingdom have increased 121 percent. Our imports from her have increased only 9 percent. To the United Kingdom alone the growth was from \$40,000,000 in 1892 to \$100,000,000 in 1902, an increase of 150 percent, while the total exportation from the United States to the United

Kingdom in 1892 was \$490,000,000, and in 1902, \$548,000,000, an increase of only 10 percent. The gain in the exportation of American manufactures to British territory has been more rapid than that to other sections of the world, and more rapid than that of the total exports of manufactures. The increase in the total exports of American manufactures from 1892 to 1902 was 155 percent, as against 190 percent increase in the exports of manufactures from the United States to British territory alone.

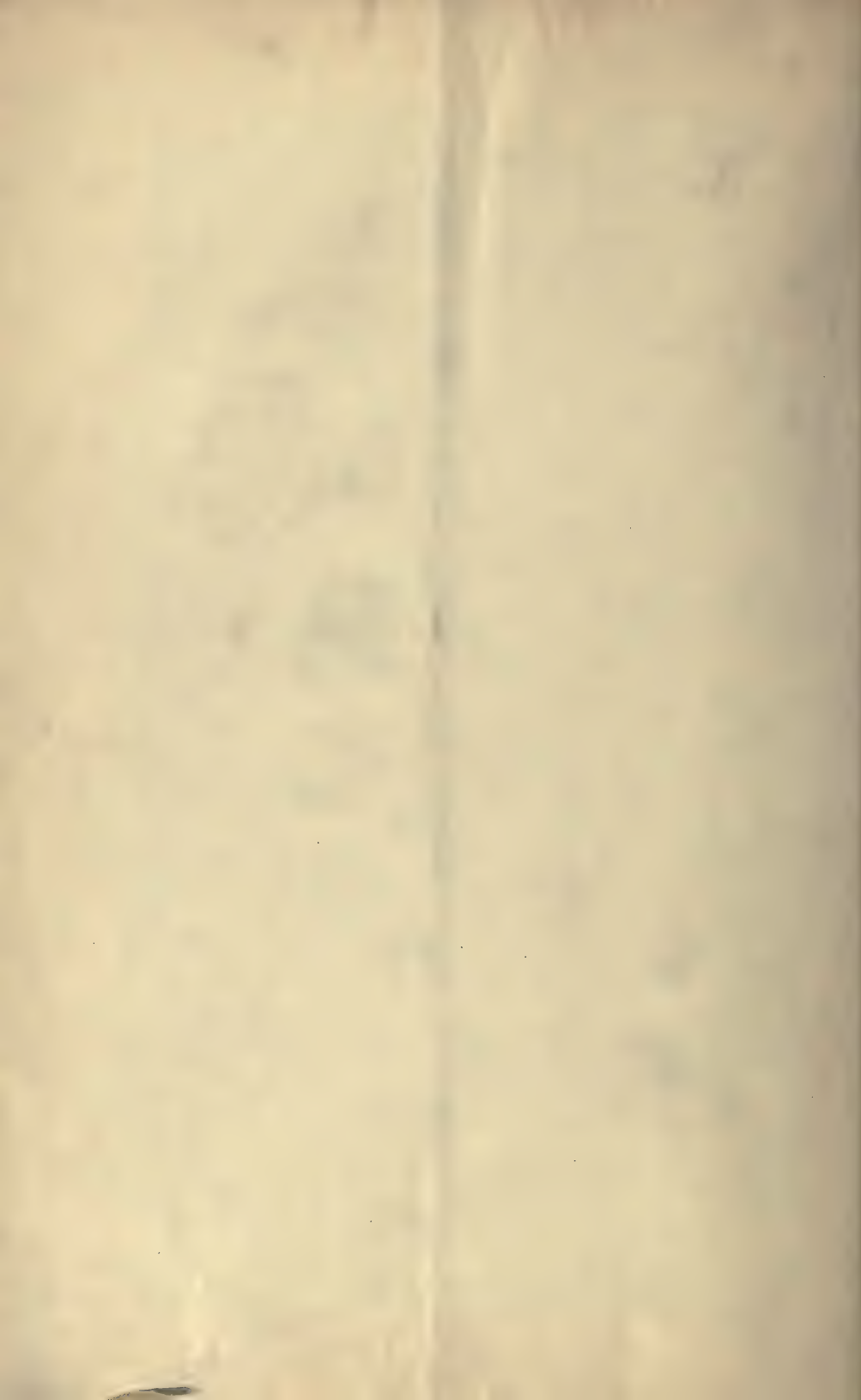
For a long time some of us have been pointing out the tendency toward retaliation among our best customers. We have urged no special scheme by which such measures should be met. We have asked only that our public men should awake to a realizing sense of the necessity of negotiation. We have said that "stand pat" is a dangerous doctrine in the present circumstances. Some of the infant industries, notably in Pennsylvania and Ohio, have taken fright at our activity. They have passed the word all along the line that we should "stand pat" on the tariff; that we should view with indifference every menacing symptom throughout the world. They ask us to close our eyes and dream on in "fancied security."

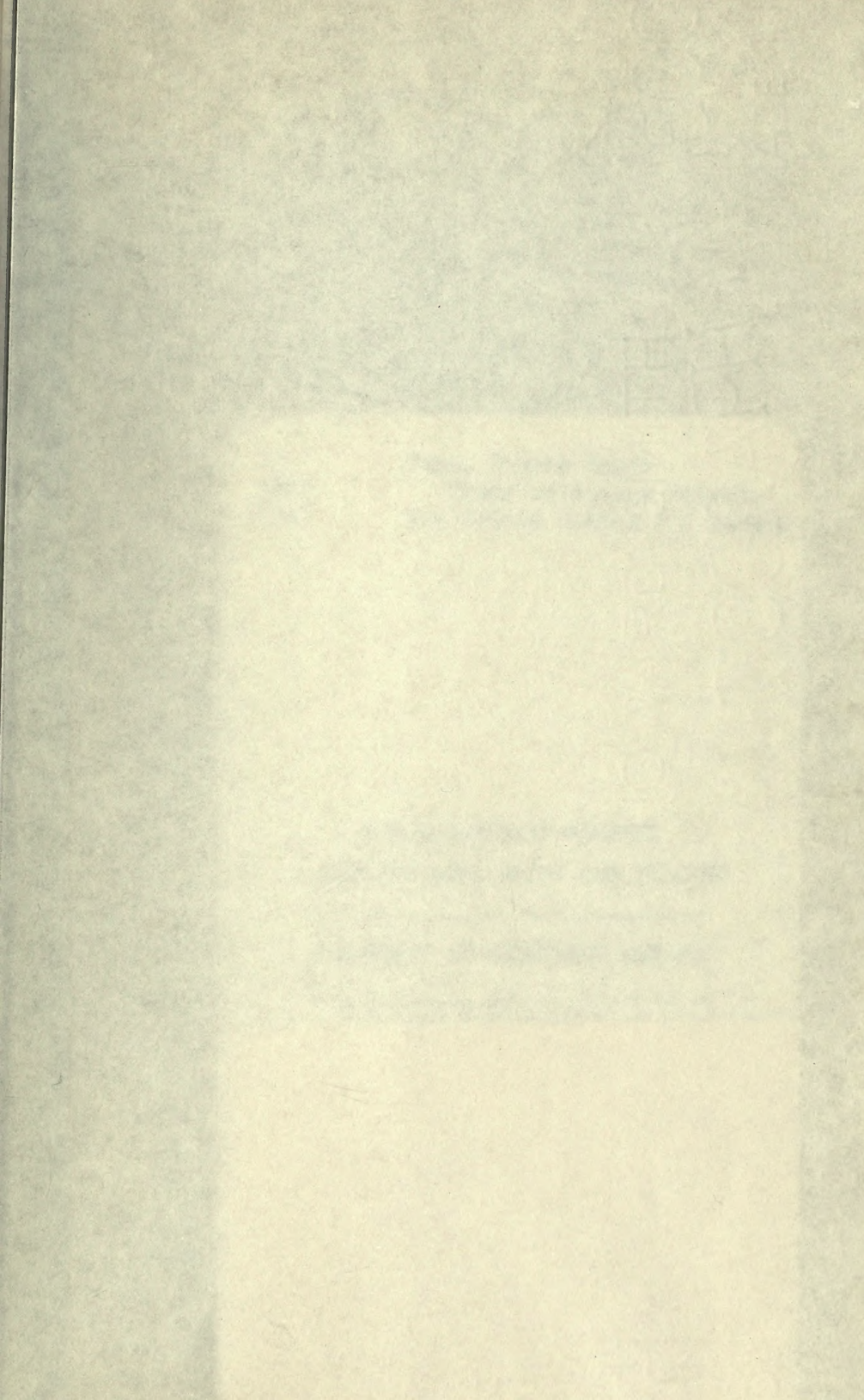
"Stand Pat" the Danger, Reciprocity the Safeguard.

"Stand pat" at this time endangers the whole structure. Reciprocity, in one form or another, safeguards it. We must recognize the principle that our customers must be prosperous as well as ourselves. By what means or when this principle will be recognized by the people of this country we cannot foretell. We who are in the vanguard of a movement to bring about more businesslike conditions so far receive abuse on one side, largely political, and warm support on the other, largely commercial. We are putting forth these efforts for the general good.

In my last address before you I referred to the menace of Russian domination in the far east. Recent events appear almost the fulfilment of a prophecy I made at that time. Circumstances over which we have no control are welding together the English-speaking people in a bond which may never be broken. They have brought about a community of interests which the American people, almost as a unit, recognize to be for the good of the world. They are paving the way for the commercial union which we must regard as inevitable. We of British blood and descent must merge our common interests in the end. We cannot do otherwise if we would, and we would not if we could.

Blood is thicker than water, and it is not in the interest of civilization, of industry, of commerce, of prosperity, that we should have a commercial war with the British empire, that there should be a hostile Canada, a hostile Great Britain, a hostile United States, each striving for advantage for itself at the expense of the other.





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